



Bitcoin (CRYPTO:BTC) Rises Above US\$42,500, But Don't Get Excited

Description

On March 22, 2022, **Bitcoin** ([CRYPTO:BTC](#)) made its loyal followers jump with joy. Their beloved cryptocurrency soared to US\$42,754.32 to reduce its year-to-date loss to 7.7%. Despite the highest climb in three weeks, market observers say there were no specific catalysts that drove the price higher.

Ethereum, the world's second-largest cryptocurrency, breached the support level too to finish higher at US\$3,015.02. The crypto winter isn't over in that an all-out bullishness is still hard to come by. Cointelegraph contributor Michaël van de Poppe said, "If Bitcoin can sustain those levels, it seems to me that we're getting a period of some relief rallies across markets."

According to some crypto experts, US\$43,300 is the immediate resistance level. They add that any close above that level confirms further bullishness. Still, investors should remain cautious, because a flash [crash](#) isn't impossible. The volatile nature of Bitcoin shows up after every surge.

Far from all-time high

Bitcoin went amok in November 2021, climbing to as high as US\$67,566.83 on the 8th — an all-time high. The decent followed thereafter, and the price went down 31.5% to US\$46,306.45 on year-end. A flash crash occurred on December 4, 2021, when BTC sunk 8.7%.

Throughout the last month of 2021, BTC rose four times followed by dips. The erratic movement indicate [instability](#). Coindesk.com reported that traders expect greater price swings ahead. Before the climb to US\$42,000, BTC dipped below US\$41,000.

Crypto investors reacted to news about an impending rate hike by the U.S. Federal Reserve. Chairman Jerome Powell said the central bank is prepared to aggressively raise interest rates to curb inflation. Gold, the traditional safe haven, along with the U.S. dollar, rose in reaction to the Powell's statement. Also, the 10-year Treasury yield climbed to 2.3% — the highest level since 2019.

Historic move

Market observers agree that U.S. president Joe Biden's [executive order](#) (EO) signals positivity. It bears significance on the cryptocurrency market, because his administration is open to the emergent blockchain and underlying technologies. The EO also aims to abolish or stop illegal crypto activities.

More importantly, there's a directive to ensure consumer and investor protection, particularly people and businesses interacting with virtual digital assets. Creating a digital version of the dollar is also on the table. The Biden administration wants the government to make the Central Bank Digital Currency (CBDC) research and development a top priority.

Quantum leap

Mike McGlone, a senior commodity strategist at *Bloomberg Intelligence*, has a bullish take on BTC's future under the present macro conditions. His tweet on March 17, 2022, read. "Bitcoin may be primed for a quantum leap in its development thanks to inflation this year."

McGlone believes that inflation would ultimately help Bitcoin's maturation as an asset class. Likewise, he claimed the crypto would even beat the returns of gold. He wrote, "Facing the Federal Reserve, inflation and war, 2022 may be primed for risk-asset reversion and mark another milestone in Bitcoin's maturation."

Risk-averse investors shouldn't fall for the bold predictions or hype that crypto bulls keep creating. As mentioned earlier, there were no specific catalysts that drove BTC's price higher. Hence, the price could drop without warning, too.

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